

## SUBCHAPTER D—FEDERAL HOME LOAN BANKS

### PART 1261—FEDERAL HOME LOAN BANK DIRECTOR ELIGIBILITY AND ELECTIONS

Sec.

- 1261.1 Definitions.
- 1261.2 General provisions.
- 1261.3 Designation of member directorships.
- 1261.4 Director eligibility.
- 1261.5 Determination of member votes.
- 1261.6 Nominations for member and independent directorships.
- 1261.7 Election process.
- 1261.8 [Reserved]
- 1261.9 Actions affecting director elections.
- 1261.10 Independent director conflict of interests.
- 1261.11 Conflict of interests policy for Bank directors.
- 1261.12 Reporting requirements for Bank directors.
- 1261.13 Ineligible Bank directors.
- 1261.14 Vacant Bank directorships
- 1261.15 Minimum number of member directorships.
- 1261.16 Temporary rule for 2008 election of directors.

AUTHORITY: 12 U.S.C. 1426, 1427, and 1432.

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#### § 1261.1 Definitions.

For purposes of this part:

*Act* means the Federal Home Loan Bank Act, as amended (12 U.S.C. 1421 through 1449).

*Bank*, written in title case, means a Federal Home Loan Bank established under section 12 of the Act (12 U.S.C. 1432).

*Bona fide resident* of a Bank district means an individual who:

- (1) Maintains a principal residence in the Bank district; or
- (2) If serving as an independent director, owns or leases in his or her own name a residence in the Bank district and is employed in a voting state in the Bank district.

*Director* means the Director of the Federal Housing Finance Agency.

*FHFA* means the Federal Housing Finance Agency.

*FHFA ID number* means the number assigned to a member by the FHFA and used by the FHFA and the Banks to identify a particular member.

*Guaranteed directorship* means a member directorship that is required by section 7(c) of the Act (12 U.S.C. 1427(c)) to be designated as representing Bank members that are located in a particular state, other than a stock directorship.

*Independent directorship* means a directorship, as defined by section 7(a)(4)(A) of the Act, 12 U.S.C. 1427(a)(4)(A), that is filled by a plurality vote of the members at large by a person having the qualifications specified by section 7(a)(3)(B)(i) or (ii), 12 U.S.C. 1427(a)(3)(B)(i) or (ii).

*Member directorship* means a directorship, as defined by section 7(a)(4)(A) of the Act, 12 U.S.C. 1427(a)(4)(A), that is filled by a plurality vote of the members located in a particular state by a person who is an officer or director of a member located in that state, and includes guaranteed directorships and stock directorships.

*Method of equal proportions* means the mathematical formula used by the FHFA to allocate member directorships among the states in a Bank's district based on the relative amounts of Bank stock required to be held as of the record date by members located in each state.

*Public interest director* means a person serving in a public interest directorship.

*Public interest directorship* means an independent directorship filled by an individual with more than four years experience representing consumer or community interests in banking services, credit needs, housing or consumer financial protections.

*Record date* means December 31 of the calendar year immediately preceding the election year.

*Stock directorship* means a member directorship that is designated by the FHFA as representing the members located in a particular voting state based on the amount of Bank stock held required to be held by the members in that state as of the record date, other than a guaranteed directorship.

*Voting state* means the District of Columbia, Puerto Rico, or the state of the United States in which a member's

## Federal Housing Finance Agency.

## § 1261.3

principal place of business, as determined in accordance with 12 CFR part 925, is located as of the record date. The voting state of a member with a principal place of business located in the U.S. Virgin Islands as of the record date is Puerto Rico, and the voting state of a member with a principal place of business located in American Samoa, Guam, or the Commonwealth of the Northern Mariana Islands as of the record date is Hawaii.

### § 1261.2 General provisions.

(a) *Board size and composition.* Annually, the FHFA Director will determine the size of the board of directors for each Bank and will designate at least a majority, but no more than 60 percent, of the directorships as member directorships and the remainder as independent directorships.

(b) *Term of directorships.* The term of office of each directorship commencing on or after January 1, 2009 shall be four years, except as adjusted pursuant to section 7(d) of the Act (12 U.S.C 1427(d)) to achieve a staggered board, and shall commence on January 1 of the calendar year so designated by the FHFA.

(c) *Annual elections.* Each Bank annually shall conduct an election the purpose of which is to fill all directorships designated by the FHFA as commencing on January 1 of the calendar year immediately following such election. Subject to the provisions of the Act and in accordance with the requirements of this part, the disinterested members of the board of directors of each Bank, or a committee of disinterested directors, shall administer and conduct the annual election of directors. In so doing, the disinterested directors may use Bank staff or independent contractors to perform ministerial and administrative functions concerning the elections process.

(d) *Location of members.* In accordance with section 7(c) of the Act (12 U.S.C 1427(c)), for purposes of the election of member directors, a member is deemed to be located in its voting state, unless otherwise designated by the Director.

(e) *Dates.* If any date specified in this part for action by a Bank, or specified by a Bank pursuant to this part, falls on a Saturday, Sunday, or Federal holiday, the relevant time period is

deemed to be extended to the next calendar day that is not a Saturday, Sunday, or Federal holiday.

### § 1261.3 Designation of member directorships.

(a) *Determination of voting stock.* (1) On or before April 10 of each year, each Bank shall deliver to the FHFA a capital stock report that indicates, as of the record date, the number of members located in each voting state in the Bank's district, the number of shares of Bank stock that each member (identified by its FHFA ID number) was required to hold, and the number of shares of Bank stock that all members located in each voting state were required to hold. If a Bank has issued more than one class of stock, it shall report the total shares of stock of all classes required to be held by the members. The Bank shall certify to the FHFA that, to the best of its knowledge, the information provided in the capital stock report is accurate and complete, and that it has notified each member of its minimum capital stock holdings.

(2) If a Bank's capital plan was not in effect as of the record date, the number of shares of Bank stock that any member is required to hold as of the record date shall be determined in accordance with 12 CFR 925.20 and 925.22. If a Bank's capital plan was in effect as of the record date, the number of shares of Bank stock that any member was required to hold as of that date shall be determined in accordance with the minimum investment established by the capital plan for that Bank; however, for any member whose Bank stock is less than the minimum investment during a transition period, the amount of Bank stock to be reported shall be the number of shares of Bank stock actually owned by the member as of the record date.

(b) *Designation of member directorships as stock directorships.* The Director annually will conduct a designation of member directorships for each Bank based on the number of shares of Bank stock required to be held by the members in each state as of December 31 of the preceding calendar year, using the method of equal proportions. If a Bank has issued more than one class of